

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name ASH TOWNSHIP	County MONROE
Fiscal Year End 03/31/06	Opinion Date 05/16/06	Date Audit Report Submitted to State 7/20/2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


5/11/06

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON, PLLC		Telephone Number 734-241-7200	
Street Address ONE SOUTH MONROE STREET		City MONROE	State MI
		Zip 48161	
Authorizing CPA Signature 		Printed Name DEBORAH A. SABO	License Number 1101025211

ASH TOWNSHIP
Monroe County, Michigan

ANNUAL FINANCIAL REPORT
March 31, 2006

ASH TOWNSHIP

Township Officials and Board
March 31, 2006

TOWNSHIP OFFICIALS

Supervisor Robin Carmack
Clerk Shelly Ratz
Treasurer Lucille Mell

TOWNSHIP BOARD

Robin Carmack
Shelly Ratz
Lucille Mell
James Booth
Terry Wickenheiser

ASH TOWNSHIP

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Certified Public Accountants

Independent Auditor's Report

Township Board
Ash Township
Monroe County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of Ash Township, Monroe County, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ash Township, Monroe County, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ash Township, Monroe County, Michigan, as of March 31, 2006, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 41 through 44, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Township Board
Ash Township

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ash Township, Monroe County, Michigan's basic financial statements. The comparative, combining, and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The comparative, combining, and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cosley Sehl Wohlgamuth & Carlton

May 16, 2006

ASH TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2006

This section of Ash Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2006. Please read it in conjunction with the Township's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the Township's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Fund, and Proprietary Fund.

The Governmental Accounting Standards Board (GASB) adopted this reporting model in *Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June, 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Ash Township financially as a whole. The ***Government-Wide Financial Statements***, which include the Statement of Net Assets and the Statement of Activities, provide information about the activities of the Township as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the Township's operations in more detail than the ***Government-Wide Financial Statements*** by providing information about the Township's most significant funds - the General Fund, the Building Department Fund, Fire Equipment Fund and the Water and Sewer Fund. The following summary illustrates how the various parts of this annual report are arranged:

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

Government-Wide Financial Statements *Fund Financial Statements*

Notes to the Basic Financial Statements

Budgetary Information for Major Funds
(Required Supplemental Information)

Other Supplemental Information

ASH TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2006

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities (pages 10-12), which appear first in the Township's financial statements, report information on the Township as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two government-wide statements report the Township's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the Township's operating results. However, the Township's goal is to provide services to our residents, not generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Township.

The government-wide financial statements of the Township are divided into two categories:

Governmental activities – The governmental activities for the Township, which encompass Township services, include general government services, public safety, public works, and recreation and cultural services. Property taxes, state-shared revenue, and charges for services provide most of the funding.

Business-type activities – The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer systems are treated as business-type activities.

Fund Financial Statements

The Township's Fund Financial Statements (pages 13-23) provide detailed information about the most significant or "major" funds - not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The Township's three types of funds, governmental, proprietary, and fiduciary use different accounting approaches as described below:

Governmental funds - Many of the Township's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 14 and 16.

ASH TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2006

Proprietary fund – A Proprietary Fund is used to account for business-type activities of the Township which consists of the Water and Sewer Fund. This fund accounts for the services provided by the Township where the Township charges customers for the services it provides. This fund uses accrual accounting; the same method used by private sector business.

Fiduciary funds – An Agency Fund is used to account for assets held by the Township as an agent for the collection and disbursement of property taxes.

Government-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the Township as a whole. Table 1 provides a summary of the Township's net assets as of March 31, 2006:

Table 1:

Condensed Statement of Net Assets March 31, 2006						
	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$3,353,965	\$3,071,074	\$8,445,237	\$7,992,354	\$11,799,202	\$11,063,428
Capital assets, net	1,371,694	1,329,216	10,119,046	10,223,065	11,490,740	11,552,281
Total Assets	4,725,659	4,400,290	18,564,283	18,215,419	23,289,942	22,615,709
Current and other liabilities	120,005	86,488	652,946	532,372	772,951	618,860
Long-term liabilities	490,000	560,000	3,580,000	3,920,000	4,070,000	4,480,000
Total Liabilities	610,005	646,488	4,232,946	4,452,372	4,842,951	5,098,860
Net Assets						
Invested in capital						
assets, net of related debt	811,694	699,216	6,199,046	5,973,065	7,010,740	6,672,281
Restricted for:						
Computers	0	1,572	0	0	0	1,572
Building code enforcement	14,872	11,124	0	0	14,872	11,124
Debt service	73,078	59,323	1,602,883	1,656,939	1,675,961	1,716,262
Capital projects	0	0	0	145,949	0	145,949
Fire protection	634,355	492,054	0	0	634,355	492,054
Unrestricted	2,581,655	2,490,513	6,529,408	5,987,094	9,111,063	8,477,607
Total Net Assets	\$4,115,654	\$3,753,802	\$14,331,337	\$13,763,047	\$18,446,991	\$17,516,849

As depicted in Table 1, the Township's net assets were \$18.4 million at March 31, 2006. Of this amount, a positive \$9.1 million was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities we could with our current resources. The operating results of the General Fund and the Water and Sewer Fund will have a significant impact on the change in unrestricted net assets from year to year.

ASH TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2006

Government-Wide Financial Analysis - Concluded

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net assets for the fiscal year ended March 31, 2006.

Table 2:

	Changes in Net Assets Year Ended March 31, 2006					
	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues						
Charges for services	\$219,298	\$211,661	\$1,417,453	\$1,388,380	\$1,636,751	\$1,600,041
Capital grants and contributions	114,971	0	0	0	114,971	0
	334,269	211,661	1,417,453	1,388,380	1,751,722	1,600,041
General revenues						
Property taxes	513,035	483,504	0	0	513,035	483,504
State grants	346,628	335,131	0	0	346,628	335,131
Special assessments and developmental fees	0	0	167,208	118,360	167,208	118,360
Interest and penalties	91,749	41,793	286,783	238,487	378,532	280,280
Other general revenues	18,250	0	26,525	3,325	44,775	3,325
	969,662	860,428	480,516	360,172	1,450,178	1,220,600
Total Revenues	1,303,931	1,072,089	1,897,969	1,748,552	3,201,900	2,820,641
Functions/Program Expenses						
Legislative	25,266	32,366	0	0	25,266	32,366
General government	346,641	270,416	0	0	346,641	270,416
Public safety	325,408	309,323	0	0	325,408	309,323
Public works	145,992	93,660	0	0	145,992	93,660
Recreation and cultural	69,324	59,171	0	0	69,324	59,171
Interest on long-term debt	29,448	32,622	0	0	29,448	32,622
Water and sewer	0	0	1,329,679	1,313,376	1,329,679	1,313,376
Total Expenses	942,079	797,558	1,329,679	1,313,376	2,271,758	2,110,934
Increase (Decrease) in Net Assets	\$361,852	\$274,531	\$568,290	\$435,176	\$930,142	\$709,707

As indicated in Table 2, the cost of *all governmental* activities this year was \$942,079. Of this amount, \$219,298 was subsidized with revenue generated from charges for services with the remaining costs financed with general revenues which consisted mainly of property taxes and state shared revenues. The Township's governmental activities experienced an increase in net assets of \$361,852. The increase in net assets differs from the change in fund balance. A reconciliation of the change in fund balances of the governmental funds to the change in net assets appears on page 16.

As indicated in Table 2, the cost of all business-type activities this year was \$1,329,679. The water and sewer systems are financed by charges to the Township's customers.

ASH TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2006

Fund Financial Analysis

As noted earlier, the Township uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Ash Township is being held accountable for the resources taxpayers and others provide to it and may give more insight into the Township's overall financial health.

As the Township completed this year, the governmental funds reported a combined fund balance of \$3,315,914 which is a increase of \$266,314 from last year. The changes by major and nonmajor funds are as follows:

	General Fund	Building Department Fund	Fire Equipment Fund	Nonmajor Funds	Total
Fund balances -					
Beginning of Year	\$2,448,541	\$ 11,124	\$492,054	\$116,131	\$3,067,850
Increase (decrease)	89,420	3,748	142,301	12,595	248,064
Fund balances -					
End of year	<u>\$2,537,961</u>	<u>\$ 14,872</u>	<u>\$634,355</u>	<u>\$128,726</u>	<u>\$3,315,914</u>

The Township's General Fund balance increase is due to many factors. Revenues were up in 2006 by 28.10%. The primary reason for the increase in the 2006 revenue is due to an increase in property taxes, state shared revenue, contributions from local units, and interest income. Property tax revenue increased during 2006 because of the new subdivisions and land splits which greatly increased the taxable value. Also, expenditures increased by 42.71%. The increase is due to an increase in general government expenditures by \$101,611 or 53.09%, due to furnishing/equipping new offices created by the new Township hall addition. Public safety expenditures of \$186,887 include the capital outlay for donated fire equipment. Recreation and cultural expenditures increased by \$17,173 or 36.84%, due to engineering studies for the new Township hall, park, and ball diamonds.

	March 31, 2006	March 31, 2005	Percent Change
Revenues			
Property taxes	\$316,426	\$285,918	10.67 %
Licenses and permits	18,727	22,049	(15.07)%
State grants	346,628	335,131	3.43 %
Contributions from local units	114,971	0	N/A
Charges for services	3,825	3,275	16.79 %
Interest and penalties	72,828	35,031	107.90 %
Other revenue	29,761	23,625	25.97 %
Total Revenues	<u>\$903,166</u>	<u>\$705,029</u>	28.10 %

ASH TOWNSHIP

Management's Discussion and Analysis Year Ended March 31, 2006

Fund Financial Analysis – Concluded

	March 31, 2006	March 31, 2005	Percent Change
Expenditures			
Legislative	\$ 25,266	\$ 32,366	(21.94)%
General government	293,008	191,397	53.09 %
Public safety	186,887	70,478	165.17 %
Public works	184,295	132,804	38.77 %
Recreation and cultural	63,787	46,614	36.84 %
Other	60,503	96,551	(37.34)%
Total Expenditures	\$813,746	\$570,210	42.71%

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Township Board to adopt the original budget for the upcoming fiscal year prior to April 1, the start of the fiscal year. Over the course of the year, the Township revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the Township's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

The revisions made to the original budget and the final amended budgets were relatively minor. Original revenues of \$649,800 were amended to include contributions from local units adjustments. The original budget for expenditures was \$1,050,820. The amendments were an increase to Township hall and grounds to purchase equipment, software, and building fixtures and the Fire Department to reflect the value of donated fire equipment. Recreation and cultural was amended for the engineering study to construct the park.

Capital Assets and Debt Administration

Capital Assets

As of March 31, 2006, the Township had \$15,984,861 invested in a broad range of capital assets, including land, building and building improvements, equipment, fire equipment, vehicles, and sewer and water lines. This amount represents a net increase (including additions and disposals) of \$321,062 from last year. This year's additions included office equipment, fire equipment, building improvements, software, and the completion of the water main. Depreciation for governmental activities totaled \$114,986 and depreciation for business-type activities totaled \$267,617. Detailed information regarding capital assets is included in Note 6 to the financial statements.

Debt

As of March 31, 2006, the Township had \$4,480,000 in bonds payable. The bonds payable is comprised of the following: library general obligation bonds of \$350,000; bonds for highway construction, improvement, maintenance and repair of \$210,000; and special assessment bonds of \$3,920,000. Detailed information regarding the Township's debt is included in Note 7 to the financial statements.

ASH TOWNSHIP

Management's Discussion and Analysis *Year Ended March 31, 2006*

Development of the 2007 Fiscal Year Budget

Ash Township officials considered many factors when setting the Township's 2007 budget. The Township used the 2006 budget as a template by reviewing the previous fiscal year's spending patterns. Thought is also given to important factors affecting the budget, such as state shared revenue, since it accounts for 46% of the Township's budgeted revenues. The appropriations for the majority of all of the functions of government remained fairly consistent with the previous fiscal year. In addition, the Township will continue to look to future improvements of the Township. These improvements may include the possibility of a new park and baseball diamonds. Therefore, provisions were made to increase the appropriations by \$67,000 for the park commission, playscape, and baseball diamonds. Also, the Township's appropriations for roads decreased by \$200,000.

Contacting Ash Township

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate their accountability for the money it receives. If you have questions about this report or need additional information, contact Ash Township, 1677 Ready Road, P.O. Box 387, Carleton, MI 48117.

ASH TOWNSHIP

Statement of Net Assets *March 31, 2006*

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$1,398,246	\$1,706,427	\$3,104,673
Certificate of deposit	1,845,460	4,391,751	6,237,211
Cash with fiscal agent	0	223,427	223,427
Receivables:			
Property taxes	28,458	0	28,458
Accounts and accrued interest	57,522	198,913	256,435
Special assessments	0	1,828,290	1,828,290
Due from other governmental units	17,377	1,946	19,323
Internal balances	6,902	(6,902)	0
Inventory	0	101,385	101,385
Non-current assets:			
Depreciable capital assets, net	1,371,694	10,119,046	11,490,740
Total Assets	4,725,659	18,564,283	23,289,942
Liabilities			
Current liabilities:			
Accounts payable	23,424	126,024	149,448
Accrued liabilities	2,127	3,882	6,009
Accrued interest	11,954	63,199	75,153
Escrow	12,500	0	12,500
Due to other governmental units	0	77,743	77,743
Customer deposits	0	42,098	42,098
Bonds payable - current portion	70,000	340,000	410,000
Non-current liabilities:			
Bonds payable - non-current portion	490,000	3,580,000	4,070,000
Total Liabilities	610,005	4,232,946	4,842,951
Net Assets			
Invested in capital assets, net of related debt	811,694	6,199,046	7,010,740
Restricted for:			
Building code enforcement	14,872	0	14,872
Debt service	73,078	1,602,883	1,675,961
Fire protection	634,355	0	634,355
Unrestricted	2,581,655	6,529,408	9,111,063
Total Net Assets	\$4,115,654	\$14,331,337	\$18,446,991

See accompanying notes to the basic financial statements.

ASH TOWNSHIP*Statement of Activities
Year Ended March 31, 2006*

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>
Primary government:			
Governmental activities:			
Legislative	\$25,266	\$0	\$0
General government	346,641	58,142	112,971
Public safety	325,408	151,902	0
Public works	145,992	9,254	0
Recreation and cultural	69,324	0	2,000
Interest on long-term debt	29,448	0	0
Total Governmental Activities	942,079	219,298	114,971
Business-type activities:			
Water and Sewer	1,329,679	1,417,453	0
Total Primary Government	<u>\$2,271,758</u>	<u>\$1,636,751</u>	<u>\$114,971</u>

General Revenues:

Property taxes
State grants
Special assessments and developmental fees
Interest and penalties
Other revenue

Total General Revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
(\$25,266)	\$0	(\$25,266)
(175,528)	0	(175,528)
(173,506)	0	(173,506)
(136,738)	0	(136,738)
(67,324)	0	(67,324)
(29,448)	0	(29,448)
(607,810)	0	(607,810)
0	87,774	87,774
(607,810)	87,774	(520,036)
513,035	0	513,035
346,628	0	346,628
0	167,208	167,208
91,749	286,783	378,532
18,250	26,525	44,775
969,662	480,516	1,450,178
361,852	568,290	930,142
3,753,802	13,763,047	17,516,849
<u>\$4,115,654</u>	<u>\$14,331,337</u>	<u>\$18,446,991</u>

ASH TOWNSHIP

Governmental Funds Balance Sheet March 31, 2006

	Special Revenue Funds			Other Nonmajor	Total
	General	Building Department	Fire Equipment	Governmental Funds	Governmental Funds
Assets					
Cash and cash equivalents	\$814,360	\$32,663	\$426,703	\$124,520	\$1,398,246
Certificate of deposit	1,645,460	0	200,000	0	1,845,460
Receivables:					
Property taxes	16,600	0	7,652	4,206	28,458
Accounts and accrued interest	57,522	0	0	0	57,522
Due from other funds	15,962	0	0	0	15,962
Due from other governmental units	17,377	0	0	0	17,377
 Total Assets	<u>\$2,567,281</u>	<u>\$32,663</u>	<u>\$634,355</u>	<u>\$128,726</u>	<u>\$3,363,025</u>
 Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$18,879	\$4,545	\$0	\$0	\$23,424
Accrued payroll	441	1,686	0	0	2,127
Due to other funds	0	9,060	0	0	9,060
Escrow	10,000	2,500	0	0	12,500
 Total Liabilities	29,320	17,791	0	0	47,111
 Fund Balances					
Reserved for debt service	0	0	0	83,726	83,726
Unreserved:					
Undesignated, reported in:					
General Fund	2,537,961	0	0	0	2,537,961
Special Revenue Funds	0	14,872	634,355	45,000	694,227
 Total Fund Balances	<u>2,537,961</u>	<u>14,872</u>	<u>634,355</u>	<u>128,726</u>	<u>3,315,914</u>
 Total Liabilities and Fund Balances	<u>\$2,567,281</u>	<u>\$32,663</u>	<u>\$634,355</u>	<u>\$128,726</u>	<u>\$3,363,025</u>

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

*Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
Year Ended March 31, 2006*

Total Fund Balances - Governmental Funds			\$3,315,914
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds:			
Cost of the capital assets		2,645,041	
Accumulated depreciation		<u>(1,273,347)</u>	
			1,371,694
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:			
Accrued interest		(11,954)	
Bonds payable		<u>(560,000)</u>	
			<u>(571,954)</u>
Total Net Assets - Governmental Activities			<u><u>\$4,115,654</u></u>

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances Year Ended March 31, 2006

	Special Revenue Funds			Other Nonmajor	Total
	General	Building Department	Fire Equipment	Governmental Funds	Governmental Funds
Revenues					
Property taxes	\$316,426	\$0	\$136,581	\$75,111	\$528,118
Licenses and permits	18,727	116,341	0	0	135,068
State grants	346,628	0	0	0	346,628
Contributions from local units	114,971	0	0	0	114,971
Charges for services	3,825	33,485	0	0	37,310
Interest and penalties	72,828	1,005	17,167	749	91,749
Other revenue	29,761	20,326	0	0	50,087
Total Revenues	903,166	171,157	153,748	75,860	1,303,931
Expenditures					
Legislative	25,266	0	0	0	25,266
General government	293,008	0	0	0	293,008
Public safety	186,887	167,409	11,447	0	365,743
Public works	184,295	0	0	0	184,295
Recreation and cultural	63,787	0	0	0	63,787
Other	60,503	0	0	0	60,503
Debt service	0	0	0	63,265	63,265
Total Expenditures	813,746	167,409	11,447	63,265	1,055,867
Net Change in Fund Balances	89,420	3,748	142,301	12,595	248,064
Fund Balances - Beginning of year	2,448,541	11,124	492,054	116,131	3,067,850
Fund Balances - End of year	<u>\$2,537,961</u>	<u>\$14,872</u>	<u>\$634,355</u>	<u>\$128,726</u>	<u>\$3,315,914</u>

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

*Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended March 31, 2006*

Net Change in Fund Balances - Total Governmental Funds	\$248,064
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures;
in the statement of activities, these costs are allocated over their
estimated useful lives as depreciation expense.

Depreciation expense	(114,986)
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Capital outlay	<u>157,464</u>
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	42,478
--	--------

Accrued interest is recorded in the statement of activities when incurred;
it is not reported in governmental funds until paid.

	1,310
--	-------

Repayments of long term debt are an expenditure in the governmental funds,
but not in the statement of activities (where it reduces long-term debt).

	<u>70,000</u>
--	---------------

Change in Net Assets of Governmental Activities	
--	--

	<u><u>\$361,852</u></u>
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See accompanying notes to the basic financial statements.

ASH TOWNSHIP*Proprietary Fund
Statement of Net Assets
March 31, 2006*

	Business-type Activities Enterprise Fund Water and Sewer Fund
Assets	
Current Assets:	
Cash	\$1,706,427
Certificates of deposit	4,391,751
Cash with fiscal agent	223,427
Receivables - accounts	198,913
Receivables - special assessments	1,828,290
Due from other governmental units	1,946
Due from other funds	2,500
Inventory	101,385
Total Current Assets	8,454,639
Capital Assets:	
Water mains and hydrants	11,022,105
Water service connections	728,387
Water meters	66,588
Sewer gathering lines/pump station	1,112,105
Sewer service connections	15,887
Building	139,145
Other equipment	92,005
Construction in progress	163,598
	13,339,820
Less: Accumulated depreciation	(3,220,774)
Net Capital Assets	10,119,046
Total Assets	18,573,685

See accompanying notes to the basic financial statements.

	Business-type Activities Enterprise Fund Water and Sewer Fund
Liabilities	
Current liabilities:	
Accounts payable	\$126,024
Accrued liabilities	3,882
Accrued interest	63,199
Due to other governmental units	77,743
Due to other funds	9,402
Customer deposits	42,098
Bonds payable - current portion	340,000
Total Current Liabilities	662,348
Non-current liabilities:	
Bonds payable - non-current portion	3,580,000
Total Liabilities	4,242,348
Net Assets	
Invested in capital assets, net of related debt	6,199,046
Restricted for debt service	1,602,883
Unrestricted	6,529,408
Total Net Assets	\$14,331,337

ASH TOWNSHIP

Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended March 31, 2006

	Business-type Activities Enterprise Fund Water and Sewer Fund
Operating Revenues	
Charges for services:	
Metered water sales	\$1,066,182
Sewer service charges	116,972
Maintenance fees	71,810
Water connection fees	125,691
Collection fees	18,754
	1,399,409
Penalties	10,183
Other revenue	7,861
	1,417,453
Operating Expenses	
Sources of supply:	
Wages	10,967
Contracted services	103,923
Utilities	10,219
Operating supplies	12,644
Water purchase	439,241
Depreciation	23,118
	600,112
Water transportation:	
Wages	49,734
Contracted services	69,306
Operating supplies	33,414
Engineering	2,672
Depreciation	221,474
	376,600
Sewer transportation:	
Wages	4,275
Contracted services	5,986
Operating supplies	369
Depreciation	22,242
	32,872

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended March 31, 2006

	Business-type Activities Enterprise Fund Water and Sewer Fund
Operating Expenses (continued)	
Meter maintenance:	
Wages	\$13,587
Operating supplies	23,543
Depreciation	783
	<u>37,913</u>
Office and administration:	
Wages	66,330
Fringe benefits	18,603
Retirement	5,311
Contracted services	1,478
Professional fees	10,750
Office supplies and maintenance	22,033
Telephone	2,881
	<u>127,386</u>
 Total Operating Expenses	 <u>1,174,883</u>
 Total Operating Income (Loss)	 242,570
Non-Operating Revenues (Expenses)	
Special assessments	102,528
Developmental fees	64,680
Meter rental fees	5,875
Hydrant rental fees	2,400
Interest	286,783
Other	18,250
Interest expense	(152,610)
Paying agent fees	(2,186)
	<u>325,720</u>
 Total Non-Operating Revenues (Expenses)	 <u>325,720</u>
 Change in Net Assets	 568,290
 Net Assets - Beginning of Year	 <u>13,763,047</u>
 Net Assets - End of Year	 <u><u>\$14,331,337</u></u>

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

*Proprietary Fund
Statement of Cash Flows
Year Ended March 31, 2006*

	Business-type Activities Enterprise Fund Water and Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers	\$1,459,328
Customer deposits	2,019
Payments to suppliers	(679,762)
Payments to employees	(144,893)
Net cash provided by operating activities	636,692
Cash Flows from Noncapital Financing Activities	
Special assessments	281,365
Developmental fees and rental fees	72,955
Other	18,250
	372,570
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(163,598)
Principal payments on bonds payable	(330,000)
Interest paid	(157,268)
Paying agent fees	(2,186)
	(653,052)
Cash Flows from Investing Activities	
Interest income	286,783
Net Increase (Decrease) in Cash and Cash Equivalents	642,993
Cash and Cash Equivalents - Beginning of Year	5,678,612
Cash and Cash Equivalents - End of Year	\$6,321,605

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

*Proprietary Fund
Statement of Cash Flows
Year Ended March 31, 2006*

	Business-type Activities Enterprise Fund Water and Sewer Fund
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income (loss)	\$242,570
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation	267,617
Changes in operating assets and liabilities:	
(Increase) decrease accounts receivable	47,555
(Increase) decrease due from other funds	(2,500)
(Increase) decrease due from other governments	474
(Increase) decrease inventory	(16,006)
Increase (decrease) accounts payable	96,764
Increase (decrease) accrued liabilities	1,853
Increase (decrease) customer deposits	2,019
Increase (decrease) due to other funds	(18,250)
Increase (decrease) due to other governments	14,596
Net Cash Provided by Operating Activities	<u>\$636,692</u>

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

Agency Fund
Statement of Fiduciary Net Assets
March 31, 2006

	Tax Collection
Assets	
Cash	\$27,881
Total Assets	<u>\$27,881</u>
 Liabilities	
Due to State of Michigan	\$187
Due to Monroe County	4,192
Due to school districts	2,461
Due to other governmental units	17,377
Due to others	<u>3,664</u>
Total Liabilities	<u>\$27,881</u>

See accompanying notes to the basic financial statements.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 1 Description of the Township and Reporting Entity

The Township operates under a locally elected five member Board form of government and provides the following services: public safety, roads and drains, recreation and culture, public improvements, planning and zoning, water and sewer services, and general administrative services.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township does not have any component units.

Note 2 Summary of Significant Accounting Policies

The financial statements of Ash Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Council (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township also applies Financial Accounting Standards Council (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the Township's accounting policies.

Basis of Presentation

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities which rely, to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, sales of property, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and agency funds, even though the latter are excluded from the government-wide financial statements. Major governmental funds and the individual enterprise fund are reported as separate columns in the fund financial statements.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 2

Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Governmental fund expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

On the governmental funds statements, property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Agency fund statements also are reported using the economic resources measurement focus and the cash basis of accounting.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. The General Fund accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The Building Department Fund is a special revenue fund. The Building Fund accounts for rezoning fees, building permit revenue, and the expenditures of the building department.

The Fire Equipment Fund is a special revenue fund. The Fire Equipment Fund accounts for moneys from a voted tax levy to be used to provide fire protection equipment for the Ash Township Fire Department.

The Township reports the following major proprietary fund:

The Water and Sewer Fund accounts for the provision of water and sewer services to residents of the Township.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

The Township reports the following nonmajor governmental funds:

The Budget Stabilization Fund and the Library Debt Service Fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 and December 1 of the following year. Summer taxes are considered delinquent July 31 and Winter taxes are considered delinquent February 14 of the following year.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond March 31, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. sewer lines, road, etc.) are reported in the applicable governmental or business-type activities columns of the government-wide financial statements. Capital assets are defined by the Township as assets with an individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when actual cost information is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets (Concluded)

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Buildings Improvements	20-50 years
Machinery and Equipment	3-10 years
Vehicles	5-8 years
Sewer Lines	50 years

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column of the statement of net assets. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Accrued Liabilities and Long-Term Obligations - In the government-wide financial statements and proprietary fund financial statements, long-term debts, notes, and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund types statement of net assets.

In general, payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans that are paid from governmental funds are recognized as an expenditure on the governmental fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 2

Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

C. Assets, Liabilities, and Net Assets or Equity (Concluded)

Fund Balance Reserves and Designations - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Compensated Absences - The Township does not have a personnel policy for unpaid vacation and sick pay; therefore, the Township does not accrue a liability for vacation and sick pay.

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2006.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Township Board at the function level. Any budgetary modifications may only be made by the Township's Board.

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to March 31, the fiscal officer submits to Township Board a proposed operating budget for the fiscal year commencing on April 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted through passage of a resolution.
4. During the year the budget is monitored, and amendments to the budget deemed necessary are approved by the Township Board.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 3 Stewardship, Accountability and Compliance

The Township shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds. Even though not required by State Law, the Township adopts a budget for the Debt Retirement Fund.

In the required supplemental information, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

Note 4 Deposits

Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan.

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At March 31, 2006, Ash Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Board has adopted an investment policy authorizing certain types of investments and authorized three depositories: Monroe Bank and Trust, Comerica Bank, and LaSalle Bank.

Interest rate risk. The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Township will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the Township's investment policy.

Concentration of credit risk. The Township does not place any limits on the amount the Township may deposit or invest in any one issuer.

ASH TOWNSHIP

Notes to Financial Statements *Year Ended March 31, 2006*

Note 4

Deposits (Concluded)

Custodial credit risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned or the Township will not be able to recover the collateral securities in the possession of an outside party. The Township has \$9,530,544 invested in certificates of deposit, checking accounts, and money markets. The Township's deposits are insured by the FDIC in the amount of \$267,235, with uninsured deposits of \$9,263,309. The Township's deposits are at institutions with an established record of fiscal health and service. The Township Board approves and designates a list of authorized depository institutions. The Township's investment policy does not address deposit risk.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk.

Note 5

Interfund Payables and Receivables

Interfund balances at March 31, 2006, consisted of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund:		
Special Revenue Fund:		
Building Department Fund	\$ 6,560	
Enterprise Fund:		
Water and Sewer Fund	9,402	
Special Revenue Funds:		
Building Department Fund:		
General Fund		\$ 6,560
Enterprise Fund:		
Water and Sewer Fund		2,500
Enterprise Fund:		
Water and Sewer Fund:		
General Fund		9,402
Building Department Fund	<u>2,500</u>	<u>9,402</u>
	<u>\$18,462</u>	<u>\$18,462</u>

ASH TOWNSHIP

Notes to Financial Statements *Year Ended March 31, 2006*

Note 6 Capital Assets

A summary of changes in capital assets follows:

	Balance April 1, 2005	Additions	Deletions	Balance March 31, 2006
Governmental Activities:				
Assets not being depreciated:				
Land	\$70,000	\$0	\$0	\$70,000
Capital assets being depreciated:				
Building and building improvements	1,275,882	17,033	0	1,292,915
Fire trucks	786,782	0	0	786,782
Fire equipment	285,795	122,471	0	408,266
Other equipment	69,118	17,960	0	87,078
	<u>2,417,577</u>	<u>157,464</u>	<u>0</u>	<u>2,575,041</u>
Total capital assets	2,487,577	157,464	0	2,645,041
Less accumulated depreciation for:				
Building and building improvements	(331,150)	(26,993)	0	(358,143)
Fire trucks	(607,657)	(35,825)	0	(643,482)
Fire equipment	(158,603)	(45,314)	0	(203,917)
Other equipment	(60,951)	(6,854)	0	(67,805)
	<u>(1,158,361)</u>	<u>(114,986)</u>	<u>0</u>	<u>(1,273,347)</u>
Total accumulated depreciation	(1,158,361)	(114,986)	0	(1,273,347)
Net capital assets	<u>\$1,329,216</u>	<u>\$42,478</u>	<u>\$0</u>	<u>\$1,371,694</u>

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 6

Capital Assets (Concluded)

Depreciation expense was charged to governmental functions as follows:

General government	\$ 16,910
Public safety	85,131
Recreation and cultural	<u>12,945</u>
Total governmental activities	<u>\$114,986</u>

	Balance April 1, 2005	Additions	Deletions	Balance March 31, 2006
Business Activities:				
Assets not being depreciated:				
Construction in progress	\$3,244,491	\$163,598	\$3,244,491	\$163,598
Capital assets being depreciated:				
Water mains and hydrants	7,777,615	3,244,491	0	11,022,106
Water service connections	728,387	0	0	728,387
Water meters	66,588	0	0	66,588
Sewer gathering lines	1,112,104	0	0	1,112,104
Sewer service connections	15,887	0	0	15,887
Building	139,145	0	0	139,145
Equipment	<u>92,005</u>	<u>0</u>	<u>0</u>	<u>92,005</u>
Total capital assets	13,176,222	3,408,089	3,244,491	13,339,820
Less accumulated depreciation for:				
Water mains and hydrants	(2,144,898)	(221,474)	0	(2,366,372)
Water service connections	(156,812)	(14,568)	0	(171,380)
Water meters	(59,972)	(783)	0	(60,755)
Sewer gathering lines	(508,908)	(22,242)	0	(531,150)
Sewer service connections	(7,661)	(335)	0	(7,996)
Building	(2,319)	(3,479)	0	(5,798)
Equipment	<u>(72,587)</u>	<u>(4,736)</u>	<u>0</u>	<u>(77,323)</u>
Total accumulated depreciation	<u>(2,953,157)</u>	<u>(267,617)</u>	<u>0</u>	<u>(3,220,774)</u>
Net capital assets	<u>\$10,223,065</u>	<u>\$3,140,472</u>	<u>\$3,244,491</u>	<u>\$10,119,046</u>

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 7 Long-Term Debt

Library General Obligation Bonds (unlimited tax) were issued by Ash Township to pay the cost of erecting, furnishing, and equipping a new public library building. These bonds are payable out of property taxes levied for Library Debt Service. The Library Debt Service Fund reflects the payment of this liability.

Act 143 Notes, Series 2002 Michigan Transportation Fund Bonds were issued by the Monroe County Road Commission to pay for the purpose of defraying part of the cost of construction, improvement, maintenance and repair of certain highways in the County. The original issue of \$3,500,000 with the Township's share equaling \$300,000. Ash Township is financing their portion of these costs through the General Fund. The General Fund reflects the payment of this liability.

1996 Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment districts number six and seven. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. The Water and Sewer Fund reflects the payment of this liability.

1997 Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment districts number eight and nine. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. The Water and Sewer Fund reflects the payment of this liability.

1998A Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment districts number ten and eleven. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. The Water and Sewer Fund reflects the payment of this liability.

1998B Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment district number twelve. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. The Water and Sewer Fund reflects the payment of this liability.

2003 Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment district number fourteen. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. The Water and Sewer Fund reflects the payment of this liability.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 7

Long-Term Debt (Continued)

The following is a summary of changes in long-term debt as of March 31, 2006:

	<u>Balance</u> <u>April 1, 2005</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>March 31, 2006</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Library General Obligation Bonds (unlimited tax): \$690,000 issue dated February 1, 1993, maturing in annual amounts from \$15,000 to \$60,000 and bearing interest at rates from 3.75% to 6.20%.	\$ 390,000	\$ -	\$40,000	\$ 350,000	\$ 40,000
Act 143 Notes, Series 2002 Michigan Transportation Fund Bonds: \$3,500,000 issue dated August 1, 2002. Ash Township's portion is 8.57% or \$300,000 maturing in annual amounts of \$30,000 annually and bearing interest rates from 2.750% to 4.000%	<u>240,000</u>	<u>-</u>	<u>30,000</u>	<u>210,000</u>	<u>30,000</u>
Total governmental activities	<u>630,000</u>	<u>-</u>	<u>70,000</u>	<u>560,000</u>	<u>70,000</u>
Business-type activities:					
1996 Special Assessment Bonds (limited tax): \$560,000 issue dated June 1, 1996, maturing \$40,000 annually and bearing interest rates from 5.10% to 5.80%.	280,000	-	40,000	240,000	40,000
1997 Special Assessment Bonds (limited tax): \$295,000 issue dated June 1, 1997, maturing in annual amounts from \$25,000 for the first three years and \$20,000 annually thereafter and bearing an interest rate of 5.25%	160,000	-	20,000	140,000	20,000

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 7 Long-Term Debt (Continued)

	<u>Balance</u> <u>April 1, 2005</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>March 31, 2006</u>	<u>Due Within</u> <u>One Year</u>
Business-type activities:					
1998A Special Assessment Bonds (limited tax): \$785,000 issue dated September 1, 1998, maturing in annual amounts of \$15,000 for the first year and \$55,000 annually thereafter and bearing an interest rate of 4.00%	\$ 495,000	\$ -	\$ 55,000	\$ 440,000	\$ 55,000
1998B Special Assessment Bonds (limited tax): \$750,000 issue dated November 1, 1998, maturing in annual amounts of \$15,000 for the first year and \$50,000 to \$55,000 thereafter and bearing an interest rate of 4.20%.	470,000	-	50,000	420,000	50,000
2003 Special Assessment Bonds (limited tax): \$3,000,000 issue dated January 1, 2003, maturing in annual amounts from \$155,000 to \$285,000 and bearing interest rates from 2.250% to 4.125%.	<u>2,845,000</u>	<u>-</u>	<u>165,000</u>	<u>2,680,000</u>	<u>175,000</u>
Total business-type activities	<u>4,250,000</u>	<u>-</u>	<u>330,000</u>	<u>3,920,000</u>	<u>340,000</u>
Total long-term debt	<u>\$4,880,000</u>	<u>\$ -</u>	<u>\$400,000</u>	<u>\$4,480,000</u>	<u>\$410,000</u>

Library General Obligation Bonds (Unlimited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 40,000	\$20,115	\$ 60,115
2008	45,000	17,585	62,585
2009	45,000	14,885	59,885
2010	50,000	12,010	62,010
2011	55,000	8,808	63,808
2012	55,000	5,425	60,425
2013	<u>60,000</u>	<u>1,860</u>	<u>61,860</u>
	<u>\$350,000</u>	<u>\$80,688</u>	<u>\$430,688</u>

ASH TOWNSHIP*Notes to Financial Statements
Year Ended March 31, 2006*Note 7Long-Term Debt (Continued)

Act 143 Notes, Series 2002 Michigan Transportation Fund Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 30,000	\$ 7,350	\$ 37,350
2008	30,000	6,356	36,356
2009	30,000	5,306	35,306
2010	30,000	4,181	34,181
2011	30,000	3,000	33,000
2012	30,000	1,800	31,800
2013	<u>30,000</u>	<u>600</u>	<u>30,600</u>
	<u>\$210,000</u>	<u>\$28,593</u>	<u>\$238,593</u>

1996 Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 40,000	\$12,760	\$ 52,760
2008	40,000	10,440	50,440
2009	40,000	8,120	48,120
2010	40,000	5,800	45,800
2011	40,000	3,480	43,480
2012	<u>40,000</u>	<u>1,160</u>	<u>41,160</u>
	<u>\$240,000</u>	<u>\$41,760</u>	<u>\$281,760</u>

1997 Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 20,000	\$ 6,825	\$ 26,825
2008	20,000	5,775	25,775
2009	20,000	4,725	24,725
2010	20,000	3,675	23,675
2011	20,000	2,625	22,625
2012	20,000	1,575	21,575
2013	<u>20,000</u>	<u>525</u>	<u>20,525</u>
	<u>\$140,000</u>	<u>\$25,725</u>	<u>\$165,725</u>

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 7 Long-Term Debt (Continued) 1998A Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 55,000	\$16,500	\$ 71,500
2008	55,000	14,300	69,300
2009	55,000	12,100	67,100
2010	55,000	9,900	64,900
2011	55,000	7,700	62,700
2012	55,000	5,500	60,500
2013	55,000	3,300	58,300
2014	<u>55,000</u>	<u>1,100</u>	<u>56,100</u>
	<u>\$440,000</u>	<u>\$70,400</u>	<u>\$510,400</u>

1998B Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 50,000	\$16,590	\$ 66,590
2008	50,000	14,490	64,490
2009	50,000	12,285	67,285
2010	55,000	9,975	64,975
2011	55,000	7,665	62,665
2012	55,000	5,355	60,355
2013	55,000	3,150	53,150
2014	<u>50,000</u>	<u>1,050</u>	<u>51,050</u>
	<u>\$420,000</u>	<u>\$70,560</u>	<u>\$490,560</u>

2003 Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 175,000	\$ 93,198	\$ 268,198
2008	180,000	88,979	268,979
2009	190,000	83,879	273,879
2010	195,000	77,860	272,860
2011	205,000	71,104	276,104
2012	215,000	63,754	278,754
2013	225,000	55,885	280,885
2014	235,000	47,313	282,313
2015	245,000	38,071	283,071
2016	260,000	28,093	288,093
2017	270,000	17,325	287,325
2018	<u>285,000</u>	<u>5,878</u>	<u>290,878</u>
	<u>\$2,680,000</u>	<u>\$671,339</u>	<u>\$3,351,339</u>

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 7 Long-Term Debt (Concluded)

The annual requirements to pay principal and interest on the long-term debt outstanding at March 31, 2006 are as follows:

<u>Fiscal Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006 - 2007	\$ 70,000	\$ 27,465	\$ 97,465
2007 - 2008	75,000	23,941	98,941
2008 - 2009	75,000	20,191	95,191
2009 - 2010	80,000	16,191	96,191
2010 - 2011	85,000	11,808	96,808
2011 - 2013	<u>175,000</u>	<u>9,685</u>	<u>184,685</u>
	<u>\$560,000</u>	<u>\$109,281</u>	<u>\$669,281</u>

<u>Fiscal Years</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006 - 2007	\$ 340,000	\$145,873	\$ 485,873
2007 - 2008	345,000	133,984	478,984
2008 - 2009	355,000	121,109	476,109
2009 - 2010	365,000	107,210	472,210
2010 - 2011	375,000	92,574	467,574
2011 - 2016	1,585,000	255,831	1,840,831
2016 - 2018	<u>555,000</u>	<u>23,203</u>	<u>578,203</u>
	<u>\$3,920,000</u>	<u>\$879,784</u>	<u>\$4,799,784</u>

Note 8 Property Taxes

The Township bills and collects its own property taxes and also taxes for the State of Michigan, County of Monroe, Airport Community School District, Huron Schools, Flat Rock Schools, Monroe County Community College, Monroe County Intermediate School District, and Wayne County Intermediate School District. Collections are accounted for in the Tax Collection Agency Fund. For the year ended March 31, 2006, the Township levied, on December 1, 2005, the following mills due and payable on February 14, 2006:

General Operating	0.8080
Fire Equipment	0.5000
Library Debt Service	<u>0.2750</u>
	<u>1.5830</u>

Taxable values, which amounted to \$264,902,349 represent a percent of the fair market value of the assessed properties on December 31, 2004. The Township also collected taxes on properties covered under industrial facilities exemptions which had a total taxable value of \$16,947,236.

For the year ended March 31, 2006, the Township also billed and retained \$77,728 as administrative fees for the above tax collection.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 9

Charges for Services

Charges for users of the Water and Sewer Enterprise Fund consist of the following:

Water and Sewer Enterprise Fund:

Maintenance Fee - A maintenance fee of \$6.00 per quarter is charged to each user (both Ash Township and Village of Carleton residents). This maintenance fee which replaced a prior debt service charge became effective November 1, 1997.

Metered Water Sales - A water charge is billed at rates established by the Township based on water consumption. Effective September 1, 2003, water rates were \$3.25 per 1,000 gallons with a minimum bill of \$32.50 (10,000 gallons per quarter).

Water Development Fee - A development fee or tap in fee will be charged to each premise requesting to tap into the water system. The fee is \$1,000 per residential equivalent user factor.

Sewer Service Charges - A sewer charge for Village customers is billed at rates established by the Village of Carleton based on water consumption. For the year ended March 31, 2006, sewer rates were \$7.00 per 1,000 gallons. The sewer charge for Township customers is billed at rates established by Ash Township based on water consumption. Current sewer rates are \$7.65 per 1,000 gallons.

Sewer Connection Charge - Village of Carleton customers will be charged a sewer connection fee of \$2,500, plus a debt service charge as determined by the Village of Carleton, to each premise for a 6" connection to the sewer system. Where larger connections are desired, the connection charge shall be \$2,500 plus 125% of the additional cost and a debt service charge as determined by the Village of Carleton. For Township customers, a sewer connection charge of \$6,000 will be charged to each premise for a 6" connection to the sewer system. Larger connections will be charged \$6,000 plus 125% of the additional cost. For subdivisions the connection charge will be \$5,000 and a \$50 fee for each home connected.

Note 10

Collection Fees - Water and Sewer Fund

Billing and collection of sewerage service and the posting of customer accounts are performed by Ash Township for Village of Carleton sewage customers on a contractual basis. The Township charges 5% of the total collections as a fee for this service which amounted to \$18,754 for the 2005-2006 fiscal year.

Note 11

Employee's Pension Plan

Plan Description

Ash Township is in an agent multiple-employer defined benefit pension plan with the Municipal Employees Retirement System of Michigan (MERS), administered by the State of Michigan.

Benefit provisions and all other requirements are established by state statute and Township ordinance. All full-time Township employees are eligible to participate in MERS. Benefits vest after 10 years of service. Township employees who retire after age 60 with 10 years, age 55 with 15 years, and age 50 with 25 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.5% of a members 5-year final average compensation. The system also provides disability retirement allowance, non duty death, and duty connected death allowance and post retirement adjustments.

The Municipal Employees Retirement System of Michigan issues a publically available financial report which may be obtained by writing to MERS, 1134 Municipal Way, Lansing, Michigan, 48917.

ASH TOWNSHIP

Notes to Financial Statements Year Ended March 31, 2006

Note 11 Employee's Pension Plan (Concluded)

Funding Policy

General employees contribute 5.0% of their wages to the plan which amounted to \$3,769 for the fiscal year ending March 31, 2006. The Township is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by State statute. The Township's annual required contribution was \$5,510 for the fiscal year ending March 31, 2006 (7.54% of covered payroll). The contribution requirements of plan members and the Township are established by the Township and by the MERS Board of Trustees.

Annual Pension Cost

For the fiscal year ending March 31, 2006, the Township's annual pension cost of \$5,510 for the plan was equal to the Township's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age normal cost method. Significant actuarial assumptions include (a) 8.0% investment rate of return, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0% to 4.16%, depending on age, attributable to seniority/merit and, (d) assumptions that benefits will increase after retirement.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The Township's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years.

Three-year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension Cost</u>	<u>Percentage of</u> <u>Annual Pension</u> <u>Cost Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
03/31/04	\$7,011	100%	\$ -
03/31/05	4,881	100%	-
03/31/06	5,510	100%	-

	<u>Valuation Ended December 31,</u>		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
Actuarial value of assets	\$181,962	\$198,843	\$198,854
Actuarial accrued liability (entry age)	241,403	270,912	349,018
Unfunded AAL	59,441	72,069	150,164
Funded ratio	75%	73%	57%
Annual payroll	109,192	108,983	80,369
UAAL as a percentage of annual covered payroll	54%	66%	187%

Note 12 Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

ASH TOWNSHIP

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended March 31, 2006*

	Budgeted Amounts			Positive (Negative) Budget
	Original	Final	Actual	
Revenues				
Taxes:				
Property taxes	\$215,000	\$215,000	\$220,885	\$5,885
Trailer park taxes	3,000	3,000	2,730	(270)
Administrative fee	60,000	60,000	77,728	17,728
Penalties and interest on tax	2,000	2,000	15,083	13,083
	280,000	280,000	316,426	36,426
Licenses and permits:				
Business licenses and permits	15,200	15,200	18,727	3,527
State grants:				
State shared revenue	300,000	300,000	346,628	46,628
Contribution from local units	0	112,971	114,971	2,000
Charges for services:				
Land splits	3,500	3,500	3,825	325
Interest	20,000	20,000	72,828	52,828
Other revenue:				
Streetlight assessments	3,600	3,600	3,269	(331)
Cemetery plots	500	500	400	(100)
Other revenue	27,000	27,000	26,092	(908)
	31,100	31,100	29,761	(1,339)
Total Revenues	649,800	762,771	903,166	140,395
Expenditures				
Legislative:				
Township board	32,500	32,500	25,266	7,234
General government:				
Supervisor	17,700	17,700	16,574	1,126
Elections	10,500	20,500	13,446	7,054
Audit	9,000	20,700	9,150	11,550
Assessor	63,900	63,961	63,960	1
Legal fees	25,000	25,000	23,497	1,503
Clerk	36,200	36,200	32,401	3,799
Treasurer	33,660	33,660	27,693	5,967
Township hall and grounds	29,500	64,439	85,979	(21,540)
General administration	22,000	22,000	20,308	1,692
	247,460	304,160	293,008	11,152

ASH TOWNSHIP

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended March 31, 2006

	Budgeted Amounts			Positive (Negative) Budget
	Original	Final	Actual	
Expenditures (Concluded)				
Public safety:				
Fire department	\$85,360	\$218,331	\$186,887	\$31,444
Public works:				
Street lights	11,000	14,000	13,307	693
Roads and drains	500,000	485,000	170,988	314,012
	<u>511,000</u>	<u>499,000</u>	<u>184,295</u>	<u>314,705</u>
Recreation and cultural:				
Senior citizens	2,500	2,500	2,500	0
Historical society	2,500	2,500	1,590	910
Engineering study	0	20,240	9,870	10,370
Park commission	15,000	15,000	15,000	0
Library	28,500	33,760	34,827	(1,067)
	<u>48,500</u>	<u>74,000</u>	<u>63,787</u>	<u>10,213</u>
Other:				
Insurance	45,000	45,000	44,752	248
Social security	15,000	18,000	6,873	11,127
Other	41,000	17,500	8,878	8,622
Contingency	25,000	0	0	0
	<u>126,000</u>	<u>80,500</u>	<u>60,503</u>	<u>19,997</u>
Total Expenditures	<u>1,050,820</u>	<u>1,208,491</u>	<u>813,746</u>	<u>394,745</u>
Net Change in Fund Balance	(401,020)	(445,720)	89,420	535,140
Fund Balance - Beginning of year	<u>451,020</u>	<u>451,020</u>	<u>2,448,541</u>	<u>1,997,521</u>
Fund Balance - End of year	<u><u>\$50,000</u></u>	<u><u>\$5,300</u></u>	<u><u>\$2,537,961</u></u>	<u><u>\$2,532,661</u></u>

ASH TOWNSHIP

Building Department Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended March 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Licenses and permits:				
Non-business licenses and permits	\$164,800	\$164,800	\$116,341	(\$48,459)
Charges for services:				
Site plan/land use fees	25,000	25,000	26,450	1,450
Rezoning fees	6,100	6,100	2,740	(3,360)
Zoning board fees	2,800	2,800	4,295	1,495
	<u>33,900</u>	<u>33,900</u>	<u>33,485</u>	<u>(415)</u>
Interest	1,000	1,000	1,005	5
Other revenue	<u>2,500</u>	<u>2,500</u>	<u>20,326</u>	<u>17,826</u>
Total Revenues	202,200	202,200	171,157	(31,043)
Expenditures				
Public safety:				
Inspections	<u>183,200</u>	<u>202,200</u>	<u>167,409</u>	<u>34,791</u>
Net Change in Fund Balance	19,000	0	3,748	3,748
Fund Balance - Beginning of year	<u>0</u>	<u>0</u>	<u>11,124</u>	<u>11,124</u>
Fund Balance - End of year	<u>\$19,000</u>	<u>\$0</u>	<u>\$14,872</u>	<u>\$14,872</u>

ASH TOWNSHIP

Fire Equipment Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended March 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$110,000	\$110,000	\$136,581	\$26,581
Interest	6,000	6,000	17,167	11,167
Total Revenue	116,000	116,000	153,748	37,748
Expenditures				
Public safety: Equipment	51,000	51,000	11,447	39,553
Net Change in Fund Balance	65,000	65,000	142,301	77,301
Fund Balance - Beginning of year	0	0	492,054	492,054
Fund Balance - End of year	<u>\$65,000</u>	<u>\$65,000</u>	<u>\$634,355</u>	<u>\$569,355</u>

ASH TOWNSHIP*Nonmajor Governmental Funds
Combining Balance Sheet
March 31, 2006*

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	
	<u>Budget Stabilization</u>	<u>Library Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and cash equivalents	\$45,000	\$79,520	\$124,520
Receivables:			
Property taxes	0	4,206	4,206
Total Assets	<u>\$45,000</u>	<u>\$83,726</u>	<u>\$128,726</u>
Total Liabilities and Fund Balances			
Liabilities			
Total Liabilities	\$0	\$0	\$0
Fund Balances			
Reserved for debt service	0	83,726	83,726
Unreserved - undesignated	45,000	0	45,000
Total Fund Balances	<u>45,000</u>	<u>83,726</u>	<u>128,726</u>
Total Liabilities and Fund Balances	<u>\$45,000</u>	<u>\$83,726</u>	<u>\$128,726</u>

ASH TOWNSHIP

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended March 31, 2006

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	
	<u>Budget Stabilization</u>	<u>Library Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Property taxes	\$0	\$75,111	\$75,111
Interest and penalties	0	749	749
Total Revenues	0	75,860	75,860
Expenditures			
Debt service	0	63,265	63,265
Total Expenditures	0	63,265	63,265
Net Change in Fund Balances	0	12,595	12,595
Fund Balances - Beginning of year	45,000	71,131	116,131
Fund Balances - End of year	<u>\$45,000</u>	<u>\$83,726</u>	<u>\$128,726</u>

ASH TOWNSHIP

Budget Stabilization Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of year	45,000	45,000	45,000	0
Fund Balance - End of year	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$0</u>

ASH TOWNSHIP

*Library Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended March 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$67,375	\$67,375	\$75,111	\$7,736
Interest income	0	0	749	749
Total Revenues	67,375	67,375	75,860	8,485
Expenditures				
Debt Service:				
Bond principal	35,000	35,000	40,000	(5,000)
Bond interest	32,375	32,375	22,455	9,920
Fiscal charges	0	0	400	(400)
Miscellaneous	0	0	410	(410)
Total Expenditures	67,375	67,375	63,265	4,110
Net Change in Fund Balance	0	0	12,595	12,595
Fund Balance - Beginning of year	0	0	71,131	71,131
Fund Balance - End of year	<u>\$0</u>	<u>\$0</u>	<u>\$83,726</u>	<u>\$83,726</u>

ASH TOWNSHIP*Tax Collection**Statement of Changes in Assets and Liabilities**March 31, 2006*

	Balance April 1, 2005	Additions	Deductions	Balance March 31, 2006
Assets				
Cash	\$20,165	\$7,864,087	\$7,856,371	\$27,881
Accounts receivable	0	16,377	16,377	0
 Total Assets	<u>\$20,165</u>	<u>\$7,880,464</u>	<u>\$7,872,748</u>	<u>\$27,881</u>
 Liabilities				
Due to State of Michigan	\$0	\$1,795,499	\$1,795,312	\$187
Due to Monroe County	9,596	1,669,913	1,675,317	4,192
Due to school districts	0	3,492,528	3,490,067	2,461
Due to other governmental units	10,569	885,538	878,730	17,377
Due to others	0	20,609	16,945	3,664
Trailer taxes	0	16,377	16,377	0
 Total Liabilities	<u>\$20,165</u>	<u>\$7,880,464</u>	<u>\$7,872,748</u>	<u>\$27,881</u>

ASH TOWNSHIP

Water and Sewer Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
Years Ended March 31, 2006

	2006	2005
Operating Revenues		
Charges for services:		
Metered water sales	\$1,066,182	\$985,932
Sewer service charges	116,972	118,972
Maintenance fees	71,810	69,761
Water connection fees	125,691	176,000
Collection fees	18,754	17,929
	1,399,409	1,368,594
Penalties	10,183	9,886
Other revenue	7,861	9,900
Total Operating Revenues	1,417,453	1,388,380
Operating Expenses		
Sources of supply:		
Wages	10,967	9,647
Contracted services	103,923	106,089
Utilities	10,219	9,857
Operating supplies	12,644	14,155
Water purchase	439,241	396,742
Depreciation	23,118	26,541
	600,112	563,031
Water transportation:		
Wages	49,734	23,594
Contracted services	69,306	102,246
Operating supplies	33,414	30,051
Engineering fees	2,672	0
Depreciation	221,474	156,584
	376,600	312,475
Sewer transportation:		
Wages	4,275	2,988
Contracted services	5,986	376
Operating supplies	369	582
Depreciation	22,242	18,948
	32,872	22,894
Meter maintenance:		
Wages	13,587	24,479
Operating supplies	23,543	118,811
Depreciation	783	851
	37,913	144,141

ASH TOWNSHIP*Water and Sewer Fund**Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
Years Ended March 31, 2006*

	2006	2005
Operating Expenses		
Office and administration:		
Wages	\$66,330	\$61,331
Fringe benefits	18,603	13,701
Retirement	5,311	3,426
Contracted services	1,478	4,645
Professional fees	10,750	10,225
Office supplies and maintenance	22,033	10,584
Telephone	2,881	1,562
	<u>127,386</u>	<u>105,474</u>
 Total Operating Expenses	 <u>1,174,883</u>	 <u>1,148,015</u>
 Net Operating Income (Loss)	 242,570	 240,365
 Non-Operating Revenues (Expenses)		
Special assessments	102,528	25,535
Developmental fees	64,680	92,825
Meter rental fees	5,875	3,325
Hydrant rental fees	2,400	0
Interest	286,783	238,487
Other	18,250	0
Interest expense	(152,610)	(163,766)
Paying agent fees	(2,186)	(1,595)
	<u>325,720</u>	<u>194,811</u>
 Total Non-Operating Revenues (Expenses)	 <u>325,720</u>	 <u>194,811</u>
 Change in Net Assets	 568,290	 435,176
 Net Assets - Beginning of year	 <u>13,763,047</u>	 <u>13,327,871</u>
 Net Assets - End of year	 <u>\$14,331,337</u>	 <u>\$13,763,047</u>



COOLEY HEHL
WOHLGAMUTH & CARLTON
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Certified Public Accountants

Township Board
Ash Township
Monroe County, Michigan

Our audit of the basic financial statements of Ash Township for the year ended March 31, 2006, was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry, and confirmation, that we determine that existing internal controls, accounting procedures and accounting records are adequate to allow us to express an opinion on the financial statements of the Township.

Our comments set forth herein are for your review and have been discussed with appropriate personnel. These comments are based primarily upon procedures employed during our audit and therefore do not encompass all matters that might result from special studies directed toward such matters.

Bank Confirmations

When verifying the bank confirmations for the Township's bank accounts, we noted that there are several associations using the Township's federal identification number for their bank accounts. These bank accounts are not included in the Township's financial statements and are not the Township's bank accounts. The Township should require these associations to obtain their own federal identification number.

It has been a pleasure to serve you and we appreciate the cooperation we received during the audit. We are available to meet with you at any time to answer any questions concerning this letter or the March 31, 2006 audit report. We are also available during the year should any problems or questions arise of which we may be of assistance.

Very truly yours,

A handwritten signature in cursive script that reads 'Cooley Hehl Wohlgamuth & Carlton'.

May 16, 2006